



**(An Exploration Stage Company)**

Interim Financial Statements  
For the Three Months Ended  
September 30, 2009 and 2008  
(Un-audited)

**NOTICE OF NO AUDITOR REVIEW OF**

**INTERIM FINANCIAL STATEMENTS**

The accompanying un-audited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Alto Ventures Ltd.

(An Exploration Stage Company)

Balance Sheets

As at September 30, 2009 and June 30, 2009

(in Canadian Funds)

	September 30, 2009 (unaudited)	June 30, 2009 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 851,782	\$ 771,652
Receivables	37,369	35,097
Marketable securities - Available for Sale (Note 4)	167,973	99,612
Due from option partner (Note 6g)	306,444	281,845
Quebec exploration tax credit receivable	19,158	19,158
Due from related party (Note 8b)	49,123	33,952
Prepaid expenses and deposits	45,478	31,195
	<hr/>	<hr/>
	1,477,327	1,272,511
Mineral properties (Note 6)	5,467,663	5,433,731
Property and equipment (Note 5)	3,683	4,124
	<hr/>	<hr/>
	\$ 6,948,673	\$ 6,710,366
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 81,351	\$ 55,139
Due to option partner	284,703	-
Due to related parties (Note 8a)	4,511	10,573
	<hr/>	<hr/>
	370,565	65,712
Shareholders' Equity:		
Share capital (Note 7a)	14,819,439	14,817,939
Contributed surplus (Note 7a)	1,863,261	1,863,261
Deficit	(10,141,868)	(10,041,546)
Accumulated other comprehensive income	37,277	5,000
	<hr/>	<hr/>
	6,578,109	6,644,654
	<hr/>	<hr/>
	\$ 6,948,673	\$ 6,710,366

Going Concern (Note 1)

Commitments (Note 10)

On behalf of the Board:

Director

Signed: "David Cowan"

Director

Signed: "Mike Koziol"

The accompanying notes are an integral part of these interim financial statements

## Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Loss and Deficit

For the three month period ended September 30, 2009 and 2008

(in Canadian Funds)

	September 30,	
	2009	2008
Expenses:		
Office and miscellaneous	\$ 16,016	\$ 37,828
Professional fees	33,562	23,900
Administrative services	12,442	24,665
Investor relations and shareholder information	18,153	22,178
Directors fees	12,000	12,000
Consulting fees	4,500	10,500
Rent	7,574	10,728
Salaries and wages	(1,382)	12,025
Stock-based compensation	-	5,214
Transfer agent and filing fees	1,631	1,082
Travel and promotion	907	627
Amortization	442	442
	105,846	161,189
Other Income:		
Joint venture management fee	(2,580)	(8,324)
Interest income	(2,944)	(16,654)
	(5,524)	(24,978)
Net Loss for the period	100,322	136,211
Deficit, Beginning of period	10,041,546	8,203,160
Deficit, End of period	\$ 10,141,868	\$ 8,339,371
Loss per Share - Basic and Diluted	\$ 0.00	\$ 0.00
Weighted Average Shares Outstanding	95,976,224	95,715,455

The accompanying notes are an integral part of these interim financial statements

## Alto Ventures Ltd.

*(An Exploration Stage Company)*

Statements of Comprehensive Loss

For the three month period ended September 30, 2009 and 2008

*(in Canadian Funds)*

	September 30,	
	2009	2008
Net loss for the year	\$ 100,322	\$ 136,211
Unrealized (gain) loss on change in fair value of marketable securities	(32,277)	53,945
Comprehensive loss for the year	\$ 68,045	\$ 190,156

The accompanying notes are an integral part of these interim financial statements

## Alto Ventures Ltd.

(An Exploration Stage Company)

### Statements of Cash Flows

For the three month period ended September 30, 2009 and 2008

(in Canadian Funds)

	September 30,	
	2009	2008
Cash Flows Provided by (Used in):		
Operating Activities:		
Loss for the period	\$ (100,322)	\$ (136,211)
Item not affecting cash:		
Amortization	442	442
Stock-based compensation	-	5,214
	(99,880)	(130,555)
Changes in non-cash working capital items:		
Prepays and deposits	(14,283)	3,202
Receivables	(2,272)	(8,216)
Advances due to and from related parties	9,109	168
Accounts payable and accrued liabilities	18,356	(23,859)
	(88,970)	(159,260)
Investing Activities:		
Mineral property expenditures	(164,711)	(34,071)
Acquisition of mineral properties	(15,065)	(10,974)
Restricted cash	-	136,423
Contributions of joint venture partners received	348,876	(76,413)
	169,100	14,965
Change in cash and cash equivalents during the period	\$ 80,130	\$ (144,295)
Cash and cash equivalents - beginning of period	\$ 771,652	\$ 1,339,481
Cash and cash equivalents - end of period	\$ 851,782	\$ 1,195,186

Supplemental Cash Flow Information - (Note 9)

# Alto Ventures Ltd.

*(An Exploration Stage Company)*

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

*(in Canadian Funds)*

---

## 1. Going Concern and Nature of Operations

Alto Ventures Ltd. (“the Company”) is engaged in the acquisition, exploration and development of Canadian gold projects. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for mineral properties is dependant upon raising financing, sale or joint venturing of the mineral properties, and/or the attainment of profitable operations.

At September 30, 2009, the Company has working capital of \$1,106,762 (June 30, 2009 - \$1,206,799) and accumulated deficit of \$10,141,868 (June 30, 2009 - \$10,041,546). These conditions give rise to significant doubt about the Company’s ability to continue as going concern. Its ability to continue as a going concern is dependant upon the ability of the Company to raise additional financing to meet property commitments and administration costs. Management plans to secure the necessary financing through a combination of the issue of new equity instruments and the entering into of joint venture arrangements. However, there is no assurance that the Company will be successful in these actions.

These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that the Company has adopted the following guidelines

### New Accounting Policies

#### a) Credit Risk and Fair Value of Financial Assets and Financial Liabilities

Effective January 2009, the CICA approved EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.” This guidance clarified that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has not had an impact on the Company’s interim financial statements other than the allowance on doubtful option partner receivable.

#### b) Mining Exploration Costs

Effective March 27, 2009, the CICA approved EIC-174 “Mining Exploration Costs.” This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

This standard is effective of the Company beginning on March 1, 2009. The adoption of this EIC did not have an impact on the Company’s interim financial statements.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 2. Significant Accounting Policies (continued)

These interim financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, these interim financial statements should be read in conjunction with the audited annual financial statements and notes thereto of the Company as of June 30, 2009. These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that the Company has adopted the following guidelines

### 3. Restricted Cash

As at September 30, 2009 there was \$nil (September 30, 2008: \$286,840) in restricted cash as flow through funds were spent on qualifying exploration activities during the previous year. This restricted cash at September 30, 2008 represented the shortfall to be expended on flow-through qualified exploration expenditures.

### 4. Marketable Securities – Available for Sale

Company	September 30, 2009		
	Shares	Market Value	Original Cost
Foundation Resources Inc. (FDN - TSXV) *	500,000	\$122,500	\$ 80,000
Kodiak Exploration Ltd.(KXL-TSXV)	55,557	\$ 32,223	\$ 58,336
Wescan Goldfields Inc. (WGF – TSXV)	50,000	\$ 10,000	\$ 37,000
Pacific North West Capital Corp. (PFN – TSX- T)	25,000	\$ 3,250	\$ 2,750
	630,557	\$ 167,973	\$178,086

Company	June 30, 2009		
	Shares	Market Value	Original Cost
Foundation Resources Inc. (FDN - TSXV) *	500,000	\$85,000	\$ 80,000
Kodiak Exploration Ltd.(KXL-TSXV)	11,112	\$ 6,112	\$ 25,002
Wescan Goldfields Inc. (WGF – TSXV)	50,000	\$ 8,500	\$ 37,000
	561,112	\$99,612	\$142,002

\* Restricted for one year period ending May 20, 2010.

The above investments have been accounted for using the fair value method. All investments represent less than 5% ownership of the respective companies.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 5. Property and Equipment

			September 30, 2009	
	Cost	Accumulated Amortization	Net Book Value	
Computer equipment	\$ 22,539	\$ 18,856	\$	3,683
Furniture and equipment	1,676	1,676		-
	<u>\$ 24,215</u>	<u>\$ 20,532</u>	<u>\$</u>	<u>3,683</u>

			June 30, 2009	
	Cost	Accumulated Amortization	Net Book Value	
Computer equipment	\$ 22,539	\$ 18,415	\$	4,124
Furniture and equipment	1,676	1,676		-
	<u>\$ 24,215</u>	<u>\$ 20,091</u>	<u>\$</u>	<u>4,124</u>

### 6. Mineral Properties

The following table shows the activity by property from July 1, 2009 to September 30, 2009:

Property	June 30, 2009	Acquisitions	Deferred Exploration	Tax credits, JV		Property write- downs	September 30, 2009
				Recovery and option payments			
Alcudia Claims	\$ 43,672	\$ -	\$ -	\$ -	\$ -	-	\$ 43,672
Coldstream Property	795,032	6,565	64,872	(64,497)	-	-	801,972
Cote-Archie Lake Property	228,091	-	-	(33,334)	-	-	194,757
Three Towers Property	379,449	10,000	5,490	-	-	-	394,939
Destiny Property	2,471,649	-	16,914	(41,657)	-	-	2,446,906
Greenoaks Gold Property	312,543	-	57,118	-	-	-	369,661
Mud Lake Property	296,908	-	-	-	-	-	296,908
Oxford Lake Property	486,023	-	-	-	-	-	486,023
Empress-Ridout Property	68,033	-	-	-	-	-	68,033
Vassal Property	64,941	-	468	-	-	-	65,409
Expansion Lake	160,789	-	8,725	-	-	-	169,514
Other exploration properties	126,601	-	3,268	-	-	-	129,869
<b>Total Mineral Properties</b>	<b>\$ 5,433,731</b>	<b>\$ 16,565</b>	<b>\$ 156,855</b>	<b>\$ (139,488)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,467,663</b>

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

The following table shows the activity by property from July 1, 2008 to June 30, 2009:

Property	June 30, 2008	Acquisitions	Deferred Exploration	Tax credits, JV Recovery and option payments	Property write-downs	June 30, 2009
Alcudia Claims	\$ 128,598	\$ -	\$ 16,976	\$ -	(101,902)	\$ 43,672
Coldstream Property	811,221	-	66,522	(82,711)	-	795,032
Cote-Archie Lake Property	252,928	-	165	(25,002)	-	228,091
Three Towers Property	119,091	13,900	246,458	-	-	379,449
Destiny Property	2,421,334	-	68,814	(18,499)	-	2,471,649
Dog Lake Property	233,371	-	618	-	(233,989)	-
Greenoaks Gold Property	598,833	-	26,253	-	(312,543)	312,543
Mud Lake Property	287,287	-	257,203	(247,582)	-	296,908
Oxford Lake Property	970,532	-	1,515	-	(486,024)	486,023
Empress-Ridout Property	64,014	-	72,052	-	(68,033)	68,033
Vassal Property	62,808	-	2,792	(659)	-	64,941
Expansion Lake	51,650	-	109,139	-	-	160,789
Other exploration properties	168,969	37,691	26,224	-	(106,283)	126,601
<b>Total Mineral Properties</b>	<b>\$ 6,170,636</b>	<b>\$ 51,591</b>	<b>\$ 894,731</b>	<b>\$ (374,453)</b>	<b>\$ (1,308,774)</b>	<b>\$ 5,433,731</b>

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

The following table shows the activity by category of expenditure from July 1, 2009 to September 30, 2009 and exploration expenditures for the year ended June 30, 2009:

Mineral Property Costs	September 30, 2009	June 30, 2009
Diamond drilling	\$ 13,382	\$ 418,937
Stripping and washing	19,380	145,947
Mapping	97,549	135,445
Prospecting	14,614	64,957
Acquisition and claim staking	16,565	52,586
Assessment reports and filing works	5,567	41,491
License, leases, permits and taxes	1,404	27,528
Airborne geophysics	-	25,093
Data compilation and digitizing	338	17,922
Management and planning of projects	4,196	12,036
Travel, camp and other expenses	150	3,530
Geological surveys	-	850
Legal	-	-
Stock based compensation	-	-
Line cutting, trenching and blasting	-	-
Assays	275	-
Exploration tax credits	-	(19,158)
Mineral property option payments	(61,084)	(25,002)
JV partner contribution	(78,404)	(330,293)
Property write-downs	-	(1,308,774)
Mineral Property costs for the period	\$ 33,932	\$ (736,905)
Mineral Property costs - Beginning of the period	\$ 5,433,731	\$ 6,170,636
Mineral Property costs - End of the period	\$ 5,467,663	\$ 5,433,731

#### a) Alcudia Claims

Pursuant to an agreement dated February 22, 1996 the Company acquired a 100% interest in 20 mineral claims located in Urban Township, Province of Quebec. As consideration, the Company issued 100,000 common shares valued at \$10,000. The property is subject to a 2% net smelter return royalty (“NSR”).

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of \$101,902.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

#### b) Coldstream Property

Pursuant to a letter of agreement dated August 1, 2002 with Hidefield Gold, PLC (“Hidefield”), a company with directors in common, the Company acquired a 100% interest in 71 contiguous patented claims and licenses of occupation in the Burchell Lake area, Thunder Bay, Ontario. As consideration, the Company issued 800,000 shares valued at \$80,000 and was required to expend \$100,000 in exploration expenditures over a three-year period (incurred). The property is subject to a 2% NSR. The Company also staked twenty mining claims adjoining the property.

On May 16, 2006, the Company acquired a 100% interest in 416 hectares immediately west of the existing property. The claims were acquired by making a cash payment of \$20,000 and issuing 250,000 common shares valued at \$43,750.

Pursuant to an agreement dated May 8, 2006, the Company acquired a 100% interest in 3 different mineral claims located in the Burchell Lake area, Thunder Bay, Ontario. The consideration for the acquisition was a cash payment of \$4,000 and the issuance of 50,000 common shares of the Company valued at \$10,000. The vendors retain a 2.0% NSR royalty and the Company has the right to buyout 1% of the NSR at anytime for \$1,000,000.

On May 20, 2009, the Company signed a Property Option Agreement with Foundation Resources Inc. Foundation can earn up to 70% interest in the Coldstream and Burchell Properties (Note 6j). Under the terms of the Agreement, Foundation can acquire a 60% interest in the Properties by issuing the Company a total of 1,000,000 common shares over a two year period and incurring \$3,000,000 in expenditures on the Properties over the course of 4 years, a minimum of \$400,000 of which must be incurred in the first year.

Upon earning the initial 60% interest in the Properties, Foundation may elect to acquire a further 10% interest by completing a feasibility study on the Properties. In circumstances where Foundation was to earn the 70% interest in the Property the Company would have the right, in lieu of retaining a 30% interest in the Property and proceeding with a joint venture with Foundation, to elect to take a 2.5% net smelter returns royalty, 1% of which could be repurchased by Foundation for \$1,000,000.

On July 20, 2009 the Company acquired a new gold property near its Coldstream Gold project in north western Ontario. Under terms of the Option to Purchase Agreement, the Company has the option to acquire 100% interest in the property by making the following cash payments and share issuances:

Upon execution of agreement	Cash payment of \$5,000 (paid)	Issuance of 50,000 common shares (issued)
On or before July 20, 2010	Cash payment of \$10,000	Issuance of 50,000 common shares
On or before July 20, 2011	Cash payment of \$15,000	Issuance of 50,000 common shares
On or before July, 2012	Cash payment of \$20,000	Issuance of 50,000 common shares

The Vendor will retain a 2% Net Smelter Returns royalty and Alto has the option to buy back one half (1%) of the royalty for \$1 million.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

#### c) Oxford Lake Property

By agreements dated June 4, 2004 the Company purchased the Oxford Lake Gold property located in the Gods Lake area of northern Manitoba from Hidefield Ltd, a company with directors in common, and Anglo Pacific Group plc (“APF”), in consideration for 4,000,000 common shares of the Company to Hidefield and 4,000,000 common shares to APF.

By agreement dated March 22, 2005, the Company acquired a 100% interest in an additional 150 hectares on the Oxford Lake property. Consideration for the acquisition was a cash payment of \$25,000 and the issuance of 200,000 common shares of the Company. Further, the vendor retained a 2.5% NSR royalty of which the Company can repurchase 1% for \$1,000,000.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of \$486,023.

#### d) Destiny (formerly Despinassy) Property

On July 2, 2009, the Company entered into an option agreement with Pacific North West Capital Corp. (“PFN”) to pay the Company \$200,000 and complete a total of \$3,500,000 in exploration expenditures over a four year period to earn a 60% interest in the Despinassy property.

The terms of the agreement are:

Upon execution of agreement	Receipt of Cash payments	Receipt of common share of PFN	
On or before August 6, 2010	Cash payment of \$25,000	Issuance of 50,000 common shares of PFN	Minimum exploration expenditures of \$300,000
On or before August 6, 2011	Cash payment of \$50,000	Issuance of 75,000 common shares of PFN	Minimum exploration expenditures of \$300,000
On or before August 6, 2012	Cash payment of \$50,000	Issuance of 100,000 common shares of PFN	Minimum exploration of \$400,000
On or before August 6, 2013	Cash payment of \$50,000		Minimum exploration expenditures of \$400,000

Pursuant to an agreement dated September 30, 2004, the Company acquired a 70% interest in the Destiny property from Cameco Corporation for total consideration of \$350,000 in cash and shares.

On May 8, 2007, the Company received a confirmation letter from Commander Resources, its Joint Venture partner that Commander has reduced its interest in the Property by not participating in exploration work. The new participating interest in the Despinassy Joint Venture was established as 75.5% for the Company and 24.5% for Commander Resources Ltd.

# Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

---

## 6. Mineral Properties – Continued

### d) **Destiny (formerly Despinassy) Property (continued)**

On January 8, 2008, the Company entered into a Letter of Intent (LOI) with Commander Resources Ltd (“Commander”) to purchase Commander’s 24.5% participating interest in the Destiny Project. The Company acquired all of Commander’s interest in the Destiny Joint Venture for a one time cash payment of \$375,000 and issuance to Commander of 1,875,000 common shares of the Company. The property consists of 113 claims and Commander will retain a 1% NSR royalty on 83 claims and 0.25% NSR on the other 30 claims. The Company has the right to buy-down .5% of the NSR on the 83 claims for \$500,000.

### e) **Greenoaks Gold Property**

By agreements dated June 4, 2004, the Company acquired the Greenoaks Gold property comprising 15 leasehold patents located in the Beardmore-Geraldton Gold District, Northwest Ontario from Hidefield in consideration for 4,500,000 common shares of the Company.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of \$312,543.

### f) **Dog Lake Property**

By agreements dated June 4, 2004, the Company purchased the Dog Lake Gold property located approximately 14 kilometres southwest of Missinabie, Ontario from Hidefield in consideration for 2,200,000 common shares of the Company.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of \$233,989.

### g) **Mud Lake Property**

By an agreement dated August 1, 2004, the Company acquired a 100% interest in the Mud Lake property by making cash payments totalling \$40,000 and issuing 150,000 common shares of the Company. The vendors retain a 2.5% NSR and the Company has the right to buyback 1.5% of the NSR for \$500,000.

The Company entered into the Option Agreement with Wescan Goldfields Inc (Wescan) on June 13, 2007 under which Wescan had the right to earn 50% in the Mud Lake project by completing \$600,000 in exploration work and issuing 150,000 Wescan shares to the Company over two years. Following termination of the Mud Lake Option Agreement by Wescan, the Company retains a 100% ownership interest in the Mud Lake Property. On February 2, 2009 the Company received notice from Wescan that Wescan was terminating the Mud Lake Option Agreement. As at June 30, 2009 the Company still has a receivable from Wescan of \$278,946. This amount relates to the recovery of Mud Lake property exploration costs. Wescan is disputing this amount and the Company considers it is due and recoverable and has commenced legal action.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

#### h) Cote-Archie Lake Property

On September 13, 2004, the Company acquired a 100% interest in the Cote-Archie Lake property by making cash payments totalling \$45,000 and issuing 150,000 common shares of the Company. The vendors retain a 2.0% NSR and Alto has the right to buyback 1.0% of the NSR for \$1,000,000. On July 18, 2007 the Company entered into an Option Agreement with Kodiak Exploration Ltd. Under the terms of the agreement, Kodiak has the option to earn a 51% interest in the Cote-Archie Lake property by spending \$1,000,000 on exploration work over a three year period and by making \$100,000 in payments of cash or Kodiak shares.

Upon execution of agreement	Cash payment of \$25,000 or share based equivalent of Kodiak stock (cash payment received)	
On or before July 18, 2008	Cash payment of \$25,000 or share based equivalent of Kodiak stock (equivalent share based payment received)	Incur \$200,000 in exploration expenditures (Completed)
On or before July 18, 2009	Cash payment of \$25,000 or share based equivalent of Kodiak stock (equivalent share based payment received)	Incur \$300,000 exploration expenditures (for cumulative expenditures totalling \$500,000, completed)
On or before July 18, 2010	Cash payment of \$25,000 or share based equivalent of Kodiak stock	Incur \$500,000 exploration expenditures (for cumulative expenditures totalling \$1,000,000, \$590,916 to date)

Upon earning a 51% interest, Kodiak then has the option to earn an additional 19% interest (for a total of 70%) by funding the completion of a positive feasibility study. Once Kodiak has earned a 70% interest in the project, the Company will have the option to participate in a 70%-30% Joint Venture or convert its interest to a 2.5% NSR royalty.

#### i) Empress-Ridout Property

On June 15, 2005, the Company entered into an agreement with Cameco Corporation (“Cameco”) to acquire a 100% interest in the Empress-Ridout Property located in the province of Ontario by making a cash payment of \$20,000. The agreement is subject to a 2% NSR payable to original owners of the property. The Company has the option to buyout the 1% NSR for \$1,000,000.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of \$68,033.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 6. Mineral Properties – Continued

#### j) Burchell Property

On May 3, 2006, the Company entered into an agreement with Trillium North Minerals Ltd. (Formerly Canadian Golden Dragon Resources Ltd.) to acquire a 100% interest in the Burchell Property located in the province of Ontario by making cash and share based payments as follows:

Upon execution of agreement	Cash payment of \$5,000 (paid)	Issuance of 25,000 common shares of the Company (issued)
On or before May 3, 2007	Cash payment of \$10,000 (paid)	Issuance of 50,000 common shares of the Company (issued)
On or before May 3, 2008	Cash payment of \$25,000 (paid)	Issuance of 125,000 common shares of the Company (issued)
On or before May 3, 2009	Cash payment of \$50,000 (original, see amended terms below)	Issuance of 200,000 common shares of the Company.
On or before April 9, 2009	Cash Payment of \$25,000 (amended, paid)	Issuance of 200,000 common shares of the Company. (issued)
On or before May 3, 2010	Cash Payment of \$25,000 (amended)	

The vendors retain a 2.0% NSR. The Company is required to incur exploration expenditures to maintain the property in good standing.

On May 20, 2009, the Company signed a Property Option Agreement with Foundation Resources Inc where Foundation can earn up to 70% interest in the Coldstream and Burchell Properties (*see note 6b*)

On April 6, 2009, the Company renegotiated the cash payment portion of the Burchell Property agreement as per table above. The Company has made the required payment of \$25,000 on April 9, 2009 and issued the required 200,000 shares of Alto to Trillium North Minerals Ltd. (formerly Canadian Golden Dragon Ltd.). The Company also acquired an additional 5 claims (42 units) from Trillium for an additional cash payment of \$4,000 (paid). These claims will be added to and covered by the terms of the Burchell Property Agreement.

#### k) Three Towers Property (formerly Cote 801)

On July 5, 2007 the Company entered into an agreement to acquire the Three Towers Property. Under the terms of the agreement, the Company has the option to acquire 100% interest by making cash and share based payments as follows:

Upon execution of agreement	Cash payment of \$10,000 (paid)	Issuance of 30,000 common shares of the Company (issued)
On or before July 5, 2008	Cash payment of \$10,000 (paid)	Issuance of 30,000 common shares of the Company (issued)
On or before July 5, 2009	Cash payment of \$10,000 (paid)	Issuance of 30,000 common shares of the Company ( issued)

The vendors will retain a 2% NSR royalty and the Company has the option to buyout 1% for \$1,000,000.

# **Alto Ventures Ltd.**

*(An Exploration Stage Company)*

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

*(in Canadian Funds)*

---

## **6. Mineral Properties – Continued**

### **l) Vassal Property**

The Company has been gradually accumulating land through staking of open ground in the Vassal Township since late 2007. The property lies approximately 75 km north of Val d'Or and less than 5 km northwest of the Despinassy Project, is 100% owned by the Company and covers approximately 5,660 ha of potentially prospective ground. There are no underlying royalties.

### **m) Expansion Lake, Ontario**

The Expansion Lake Property is located immediately east of Mud Lake property and south of the Hercules Property operated by Kodiak Exploration Ltd. The Property covers 2,656 ha and was acquired through staking of open ground. There are no underlying royalties.

### **n) Measurement Uncertainty**

Although management believes that estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments. One or more of the issues described herein, or other factors beyond our control in future periods could adversely affect the Company's operations and investment in Canada in the future, and result in further mineral property write-downs. Such write-down amounts could be material.

# Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

## 7. Share Capital

### a) Common shares

Authorized: Unlimited common shares without par value

	Number of Shares	Amount	Contributed Surplus
Balance – June 30, 2007	66,059,043	\$ 12,030,090	\$ 853,996
Units issued for cash pursuant to private placement, net of \$720,814 allocated to warrants	22,232,362	1,938,046	720,814
Issued in exchange for mineral properties ( <i>See Notes 7d, 7j &amp; 7k</i> )	2,030,000	296,750	-
Cash proceeds on exercise of warrants	4,949,050	989,810	-
Cash proceeds on exercise of options	415,000	57,750	-
Share issuance costs	-	(251,764)	-
Fair value of agent's warrants granted	-	-	144,900
Future income taxes on renouncement of flow-through shares issued	-	(402,071)	-
Fair value of warrants exercised	-	104,439	(104,439)
Stock based compensation	-	-	280,551
Fair value of options exercised	-	42,989	(42,989)
Balance – June 30, 2008	95,685,455	\$ 14,806,039	\$ 1,852,833
Issued for mineral properties (i,ii,iii)	260,000	11,900	-
Share issuance costs	-	-	-
Stock based compensation	-	-	10,428
Balance – June 30, 2009	95,945,455	\$ 14,817,939	\$ 1,863,261
Issued in exchange for mineral properties ( <i>See Note, 6j</i> )	50,000	1,500	-
Balance – September 30, 2009	95,995,455	\$ 14,819,439	\$ 1,863,261

- i. On July 2, 2008, the Company issued 30,000 common shares pursuant to a property purchase agreement (see note 7k) valued at \$0.10 per share.
- ii. On April 9, 2009, the Company issued 200,000 common shares pursuant to a property purchase agreement (see note 7j) valued at \$0.04 per share.
- iii. On June 30, 2009, the Company issued 30,000 common shares pursuant to a property purchase agreement (see note 7k) valued at \$0.03 per share.

# Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

---

## 7. Share Capital -continued

### b) Warrants

Warrants have been granted and are exercisable to purchase common shares of the Company as follows:

Balance June 30, 2007	22,234,200	\$	0.20
Granted	11,567,964		0.20
Agent warrants granted	686,780		0.20
Exercised	(4,949,050)		0.20
Expired	(17,347,700)		0.20
<hr/>			
Balance June 30, 2008	12,192,194	\$	0.20
Expired	(12,192,194)		0.20
<hr/>			
Balance September & June 30, 2009	-	\$	-

### c) Share Purchase Options

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. The options vest immediately except for investor relations employees which vest quarterly over a one year period.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 7. Share Capital - Continued

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance June 30, 2007	2,956,000	\$ 0.14
Granted	1,795,000	0.20
Exercised	(415,000)	0.14
Forfeited	(281,000)	0.13
Balance June 30, 2008	4,055,000	\$ 0.17
Forfeited	(145,000)	0.18
Balance June 30, 2009	3,910,000	\$ 0.17
Forfeited	(1,125,000)	0.15
Balance September 30, 2009	2,785,000	\$ 0.17

- i) During the year ended June 30, 2009, 145,000 options were cancelled as the holders were no longer employed by the Company.
- ii) During year ended June 30, 2009, the Company recorded stock based compensation expense of \$10,428 for investor relations options.
- iii) During the three months ended September 30, 2009, 1,125,000 options held by officers, directors and a former director expired.

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 7. Share Capital - Continued

The following is a summary of the Company's options as at September 30, 2009 and June 30, 2009 and the changes for the period are as follows:

Exercise Price	Outstanding June 30, 2009	Granted	Forfeited	Exercised	Outstanding September 30, 2009	Expiry Date
\$ 0.15	1,125,000	-	(1,125,000)	-	-	September 30, 2009
\$ 0.15	320,000	-	-	-	320,000	June 20, 2010
\$ 0.16	240,000	-	-	-	240,000	March 21, 2011
\$ 0.12	450,000	-	-	-	450,000	December 19, 2011
\$ 0.10	105,000	-	-	-	105,000	May 16, 2012
\$ 0.20	1,670,000	-	-	-	1,670,000	December 16, 2012
	3,910,000	-	(1,125,000)	-	2,785,000	

### 8. Related Party Transactions

- At September 30, 2009, the Company owed \$4,511 (June 30, 2009: \$10,573) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.
- At September 30, 2009, HRG Management Ltd, with a director and officer in common, owed the Company \$49,123 (June 30, 2009: \$33,952) relating to a deposit for services and fixed assets. (See Note 10)
- The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts:

	September 30, 2009	September 30, 2008
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 12)	\$ 33,511	\$ 72,848
Mike Koziol – salary services (Officer and Company with Director in Common)	39,000	39,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)	4,500	7,500
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)	9,329	542
John Prochnau – consulting services (Former Director)		
Total	\$ 86,340	\$ 119,890

## Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

### 9. Supplementary Cash Flow Information

Non cash transactions during the three months ended September 30, 2009 and 2008 were as follows:

Non-Cash Financing and Investing Activities include:	September 30, 2009	September 30, 2008
Shares issued for property costs	\$ 1,500	\$ 3,000
Shares received under mineral property agreement	\$ -	\$ 25,002
Loss (gain) on fair market value decrease in marketable securities	\$ (32,277)	\$ 53,945
Accounts payable included in mineral properties	\$ 15,137	\$ 103,727
Stock based compensation included in mineral properties	\$ -	\$ 5,412

### 10. Commitments

Effective February 1, 2009, the Company entered into a services agreement with HRG Management Ltd. in which the Company agreed to pay a monthly corporate administration fee of \$10,833 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services. The agreement can be terminated by either party prior to expiration with 60 days written notice. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares two directors and an officer in common with HRG. The Company has a \$49,123 (June 30, 2009: \$33,952) deposit paid to HRG for management services. (See Note 8b)

### 11. Income Taxes

The income taxes shown in the statement of loss, comprehensive loss and deficit differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following for June 30, 2009 and 2008:

	2009	2008
Statutory tax rate	29.00%	29.00%
Expected income tax recovery	\$ (519,243)	\$ (235,158)
Non-deductible differences	3,758	74,735
Share issuance costs	(11,171)	(11,025)
Unrecognized tax losses	526,656	168,448
Future income tax arising from flow-through share renouncement	-	(402,071)
Income tax recovery	\$ -	\$ (402,071)

# Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

(in Canadian Funds)

## 11. Income Taxes - Continued

The significant components of the Company's future tax assets are as follows for June 30, 2009 and 2008:

	2009	2008
Mineral properties	\$ 137,118	\$ (227,814)
Operating loss carry-forwards	826,032	825,526
Capital losses	218,728	221,595
Property, plant and equipment	7,023	5,314
Share issuance costs		36,229
Less: valuation allowance	(1,188,901)	(860,850)
Net future income tax asset (liability)	\$ -	\$ -

The Company has accumulated losses of \$2,848,387 as of June 30, 2009 which may be used to reduce future year's taxable income. These losses expire as follows:

2009	95,840
2010	189,916
2014	55,836
2015	593,359
2016	548,013
2027	636,187
2028	222,457
2029	506,779
	<u>\$ 2,848,387</u>

Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance because of uncertainty of their recovery.

## 12. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables, investments and investment tax credit receivable balances.

# **Alto Ventures Ltd.**

*(An Exploration Stage Company)*

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

*(in Canadian Funds)*

---

## **12. Capital Management (continued)**

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

## **13. Management of Financial Risk**

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

### **Currency Risk**

As at September 30, 2009, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's currency. The Company has no operations outside of Canada at this time and as such has no currency risk associated with its operations.

### **Interest rate and credit risk**

The Company has significant cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

Accounts and other receivable consist of goods and services tax due from the Federal Government of Canada, amounts due from joint venture and option partners, and funds advanced for exploration.

### **Liquidity Risk**

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2009, the Company had a cash balance of \$851,782 (June 30, 2009: \$771,652) to settle current liabilities of \$370,562 (June 30, 2009: \$65,712).

### **Commodity Price Risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

# **Alto Ventures Ltd.**

*(An Exploration Stage Company)*

Notes to the Financial Statements

For the Three Months Ended September 30, 2009 and 2008

*(in Canadian Funds)*

---

## **13. Management of Financial Risk- *Continued***

### Fair Value

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As of September 30, 2009, the carrying amount of accounts receivable and payable equals fair market value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$8,518.



**MANAGEMENT DISCUSSION AND  
ANALYSIS**

**FOR THE THREE MONTHS  
ENDED SEPTEMBER 30, 2009**

**As at November 24, 2009**

## **INTRODUCTION**

The following discussion of performance and financial condition should be read in conjunction with the interim financial statements of the Company for the three months ended September 30, 2009. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is November 24, 2009.

## **DESCRIPTION OF BUSINESS**

Alto Ventures Ltd. (the "Company") was incorporated under the provisions of the British Columbia Business Corporations Act (formerly the BC Company Act) on June 6, 1987. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol - ATV.

The Company is in the business of acquiring and exploring gold projects. There has been no determination whether these properties contain reserves which are economically recoverable.

The recoverability of values assigned to these gold properties is dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

## **RESULTS OF OPERATIONS**

### **For the three months ended September 30, 2009**

The Company incurred \$100,322 loss for the three months ended September 30, 2009 as compared to a loss of \$136,211 for the three months ended September 30, 2008. This amounts to a \$35,889 decrease when compared to the same period last year.

The decrease over the prior year quarter can be mainly attributed to a decrease in office costs (\$21,812) due to reduced service arrangements, salaries (\$13,407) due to recovery of costs in August 2009, administrative services (12,233) due to reduced service arrangements, consulting expenses (\$6,000) and investor and shareholder relations (\$4,025) due to the reduced investor relations activity. Stock based compensation was (\$5,214) less than the same quarter of 2008.

These expense reductions were partially offset by a lesser amount of interest income (\$13,710) in the quarter due to a lower cash and cash equivalents and lower interest rate environment. Professional fees combined for a total increase of \$9,662 in the quarter from optioner and Wescan claim legal services.

Cash and cash equivalents balance increased in the quarter by \$80,130 to \$851,782 at September 30, 2009. The total expenditures for mineral properties were \$156,855. Expenditures on exploration included Coldstream \$64,872, Mud lake \$57,118, Destiny (formerly Despinassy) \$16,914, Three Towers (formerly Cote 801) \$5,490, and Expansion Lake \$8,725.

**SUMMARY OF QUARTERLY RESULTS**

The table below presents selected financial data for the Company's eight most recently completed quarters. Q4 2009 expenditures on resource properties includes \$271,515 in Quebec exploration tax credits.

(In \$000's except per share data)

	Years ended June 30							
	2010		2009			2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Financial results</b>								
Expenditures on resource properties								
*	157	(1,240)	70	307	126	(115)	1,398	216
Net loss (gain) for period	100	1416	116	122	136	(271)	150	365
Per share	\$ -	\$ 0.03	\$ -	\$ -	\$(0.01)	\$ -	\$ -	\$0.01
<b>Balance Sheet Data</b>								
Cash and short-term deposits	852	772	751	818	1,195	1,762	2,260	3,038
Resource properties	5,468	5,434	6,674	6,604	6,297	6,170	6,284	4,885
Assets	6,949	6,710	8,091	8,257	8,476	8,578	8,858	8,368
Shareholder's equity	6,578	6,645	8,049	8,166	8,294	8,476	8,556	8,272

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$1,308,774 during the fourth quarter of 2009.

**INVESTMENT IN MINERAL PROPERTIES**

The following table shows the activity by property from July 1, 2009 to September 30, 2009:

Property	June 30, 2009	Acquisitions	Deferred Exploration	JV Recovery and option payments	Property write-downs	September 30, 2009
Alcudia Claims	\$ 43,672	\$ -	\$ -	\$ -	\$ -	\$ 43,672
Coldstream Property	795,032	6,565	64,872	(64,497)	-	801,972
Cote-Archie Lake Property	228,091	-	-	(33,334)	-	194,757
Three Towers Property	379,449	10,000	5,490	-	-	394,939
Destiny Property	2,471,630	-	16,914	(41,657)	-	2,446,887
Greenoaks Gold Property	312,543	-	-	-	-	312,543
Mud Lake Property	296,908	-	57,118	-	-	354,026
Oxford Lake Property	486,023	-	-	-	-	486,023
Empress-Ridout Property	68,033	-	-	-	-	68,033
Vassal Property	65,600	-	468	-	-	66,068
Expansion Lake	160,130	-	8,725	-	-	168,855
Other exploration properties	126,620	-	3,268	-	-	129,888
<b>Total Mineral Properties</b>	<b>\$ 5,433,731</b>	<b>\$ 16,565</b>	<b>\$ 156,855</b>	<b>\$ (139,488)</b>	<b>\$ -</b>	<b>\$ 5,467,663</b>

## INVESTMENT IN MINERAL PROPERTIES (continued)

The following table shows the activity by property from July 1, 2008 to June 30, 2009:

Property	June 30, 2008	Acquisitions	Deferred Exploration	JV Recovery and option payments	Property write-downs	June 30, 2009
Alcudia Claims	\$ 128,598	\$ -	\$ 16,976	\$ -	\$ (101,902)	\$ 43,672
Coldstream Property	811,221	-	66,522	(82,711)	-	795,032
Cote-Archie Lake Property	252,928	-	165	(25,002)	-	228,091
Three Towers Property	119,091	13,900	246,458	-	-	379,449
Destiny Property	2,421,315	-	68,814	(18,499)	-	2,471,630
Dog Lake Property	233,371	-	618	-	(233,989)	-
Greenoaks Gold Property	598,833	-	26,253	-	(312,543)	312,543
Mud Lake Property	287,287	-	257,203	(247,582)	-	296,908
Oxford Lake Property	970,532	-	1,515	-	(486,024)	486,023
Empress-Ridout Property	64,014	-	72,052	-	(68,033)	68,033
Vassal Property	62,808	-	2,792	-	-	65,600
Expansion Lake	51,650	-	109,139	(659)	-	160,130
Other exploration properties	168,988	37,691	26,224	-	(106,283)	126,620
<b>Total Mineral Properties</b>	<b>\$ 6,170,636</b>	<b>\$ 51,591</b>	<b>\$ 894,731</b>	<b>\$ (374,453)</b>	<b>\$ (1,308,774)</b>	<b>\$ 5,433,731</b>

## INVESTMENT IN MINERAL PROPERTIES (continued)

Mineral Property Costs	September 30, 2009	June 30, 2009
Diamond drilling	\$ 13,382	\$ 418,937
Stripping and washing	19,380	145,947
Mapping	97,549	135,445
Prospecting	14,614	64,957
Acquisition and claim staking	16,565	52,586
Assessment reports and filing works	5,567	41,491
License, leases, permits and taxes	1,404	27,528
Airborne geophysics	-	25,093
Data compilation and digitizing	338	17,922
Management and planning of projects	4,196	12,036
Travel, camp and other expenses	150	3,530
Geological surveys	-	850
Legal	-	-
Stock based compensation	-	-
Line cutting, trenching and blasting	-	-
Assays	275	-
Exploration tax credits	-	(19,158)
Mineral property option payments	(61,084)	(25,002)
JV partner contribution	(78,404)	(330,293)
Property write-downs	-	(1,308,774)
Mineral Property costs for the period	\$ 33,932	\$ (736,905)
Mineral Property costs - Beginning of the period	\$ 5,433,731	\$ 6,170,636
Mineral Property costs - End of the period	\$ 5,467,663	\$ 5,433,731

The Company has investigated ownership of its mineral interests as at June 30, 2009 and, to the best of its knowledge, ownership of its interests are in good standing. Mike Koziol, P. Geo, Alto's President, CEO and Director is the qualified person responsible for the technical information reported in this Management's Discussion and Analysis.

During this period of continuing uncertainty in international capital markets and the negative impact on the abilities of junior resource companies to raise funding to finance their activities, the Company has decreased its level of exploration programs relative to the last two years to conserve cash. Instead, the Company used this opportunity to update project databases, write reports for work completed in the previous year and generate new exploration targets for the coming fall and winter programs.

**INVESTMENT IN MINERAL PROPERTIES (continued)**a) Destiny (formerly Despinassy) Property, Quebec

The Destiny Project is located in Despinassy Township, approximately 75 km northeast of Val d'Or, Quebec and lies within the Archean age Abitibi greenstone belt in the eastern Superior Province in Quebec. The property is 100% owned by Alto subject to certain underlying production royalties.

*Current activity and Future Plans*

A diamond drill has been mobilized and has commenced drilling on the Destiny Gold Project in October 2009. The fall work program consists of approximately 5,000 m of diamond drilling in approximately 14 holes. The program is designed to expand the known resources at the DAC zone through infill and step-out drilling. PFN has allocated a \$600,000 budget to the Destiny Gold Project for 2009

The Company entered into an option agreement with Pacific North West Capital Corp. ("PFN") on July 28, 2009 to pay the Company \$200,000, issue 250,000 PFN shares and complete a total of \$3,500,000 in exploration expenditures over a four year period to earn a 60% interest in the Despinassy property. The terms of the agreement are:

Upon execution of agreement	Cash payment of \$25,000	Issuance of 25,000 common shares of PFN	
On or before August 6, 2010	Cash payment of \$25,000	Issuance of 50,000 common shares of PFN	Minimum exploration expenditures of \$300,000
On or before August 6, 2011	Cash payment of \$50,000	Issuance of 75,000 common shares of PFN	Minimum exploration of \$300,000
On or before August 6, 2012	Cash payment of \$50,000	Issuance of 100,000 common shares of PFN	Minimum exploration of \$400,000
On or before August 6, 2013	Cash payment of \$50,000		Minimum exploration of \$400,000

*Historical Information*

In March 2008, the Company acquired all of the interest held by Commander Resources Ltd. ("Commander"), its Joint Venture Partner for a one time cash payment of \$375,000 and the issue of 1,875,000 shares of the Company to Commander. Since the acquisition of Commander's interest, the Company staked additional ground and merged its 100% Despinassy East Project to hold an impressive land package covering more than 7,260 hectares.

In February 2008 helicopter borne electromagnetic (using the Geotech Ltd. VTEM system) and magnetometer surveys were flown over the entire property and an interpretation report was received in June showing a number of strong geophysical targets that have not been drilled previously.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

a) Destiny (formerly Despinassy) Property, Quebec – (continued)

In 2008, the Company completed 17 holes totalling 4,338 m of diamond drilling (see Alto news release dated May 8, 2008). Gold was intersected in each of the 17 holes completed including high grade of 20.6 grams per tonne (“g/t”) gold across 0.8 m at the Darla Zone. This high grade occurs within a wider mineralized section averaging 7.0 g/t gold across 2.5 m in DES08-104. DES08-114 intersected 5.3 g/t across 0.5 m at Zone 21 in Area 3. (See table below)

There are no immediate plans for additional work because of recent uncertainty to effectively finance significant programs in the current volatile market conditions. All of the claims are protected for a minimum of one year due to banked assessment credits accumulated from past work.

The table below provides a listing of the winter 2008 drill intercepts with gold values of > 1 g/t. Table of Significant (Au > 1.0 g/t) Assay Results from Holes DES08-103 to DES08-119

Hole	From (m)	To (m)	Width (m)*	Au (g/t)	Comments
DES08-103	54.4	58.6	4.2	0.55	Darla Zone
Includes	55.5	56.6	1.2	1.07	
	120.0	130.1	10.1	0.53	
includes	120.0	121.0	1.0	2.82	
and	129.0	130.1	1.1	1.45	
DES08-104	<b>104.5</b>	<b>107.0</b>	<b>2.5</b>	<b>7.02</b>	Darla Zone
includes	<b>105.2</b>	<b>106.0</b>	<b>0.8</b>	<b>20.63</b>	2 grains of visible gold observed
	114.5	136.7	22.2	0.35	
includes	119.0	120.0	1.0	1.24	
	168.5	169.5	1.0	2.3	4 grains of very fine visible gold observed
DES08-105	203.0	204.0	1.0	1.3	Darla Zone
DES08-106	116.4	124.6	8.2	1.19	Darla Zone
includes	117.1	117.9	0.8	2.35	
and	123.2	124.6	1.4	3.82	
	146.4	147.4	1.0	1.39	
DES08-108	34.2	34.7	0.5	2.2	Darla Zone
DES08-111	309.6	314.6	5.0	0.96	Zone 20
includes	311.6	312.6	1.0	2.04	
DES08-112	365.2	366.2	1.0	1.6	Zone 20
DES08-114	<b>246.0</b>	<b>246.5</b>	<b>0.5</b>	<b>5.3</b>	Zone 21
	270.6	272.6	2.0	1.38	
DES08-115	85.7	87.7	2.0	1.63	Zone 21
DES08-119					Darla Zone
	196.0	198.0	2.0	2.81	5 grains of very fine VG
	253.0	254.0	1.0	2.37	

**INVESTMENT IN MINERAL PROPERTIES (continued)**

a) Destiny (formerly Despinassy) Property, Quebec – (continued)

*Historical Information*

Pursuant to an agreement dated September 30, 2004, the Company acquired a 70% interest in the Despinassy property from Cameco Corporation for total consideration of \$350,000 in cash and shares when it made the final cash payment of \$150,000 on August 31, 2006.

On May 8, 2007, the Company received a confirmation letter from Commander Resources, its Joint Venture partner that Commander has reduced its interest in the Property by not participating in exploration work. The new participating interest in the Despinassy Joint Venture was established as 75.5% for the Company and 24.5% for Commander Resources Ltd.

Prior to the Company's acquisition of the property in 2004, a total of 23,005 metres (m) was drilled by previous operators, resulting in the discovery of the DAC deposit with gold mineralization encountered to a depth of 600 m. Drilling along the Despinassy Shear Zone encountered gold for more than a six km strike extent.

In 2005 and 2006 the Company completed over 10,400 m of diamond drilling to provide sufficient data to prepare a Mineral Resource Estimate consistent with guideline set out in National Instrument 43-101. The Resource Estimate was prepared by Hubacheck Consulting Geologists (HCG) of Mississauga, Ontario in January 2007. At the 3.0 g/t gold cut-off grade, HCG estimates that the Indicated Mineral Resources of the DAC Deposit total 167,000 tonnes at an average grade of 6.88 g/t. In addition, at the 2.0 g/t gold cut-off grade, HCG estimates that the Inferred Mineral Resources total 445,000 tonnes at an average grade of 4.46 g/t gold. Deep drilling by an earlier operator intersected significant gold mineralization at 600 m depth that is not included in the current resource estimates. Some of the intercepts from this deep drill hole include 26.6 g/t gold over 1.1 m, 8.4 g/t over 1.0 m and 9.4 g/t over 1.4m.

Drilling one kilometre to the east of the DAC Deposit along the same shear/alteration corridor resulted in the discovery of the Darla Zone where 19.5 g/t gold over 2.1 m was intersected. The discovery of the Darla Zone demonstrates potential for additional near-surface gold resources and further demonstrates the exploration potential of the 6 km long Despinassy Shear.

Drilling by an earlier operator three kilometres east of the DAC Deposit, and previously referred to as Area 3, intersected two gold zones grading 4.4 g/t gold across 2.0 m and 2.4 g/t gold across 6.0 m respectively. These zones were not followed up by additional drilling.

b) Coldstream Property, Ontario

*Current activity and Future Plans*

On July 20, 2009 the Company optioned the Kukkee Claims near its Coldstream Gold project in north western Ontario

**INVESTMENT IN MINERAL PROPERTIES (continued)**b) Coldstream Property, Ontario*Current activity and Future Plans*

Under terms of the Option to Purchase Agreement, the Company has the option to acquire 100% interest in the property by making the following cash payments and share issuances:

Upon execution of agreement	Cash payment of \$5,000 (paid)	Issuance of 50,000 common shares (issued)
On or before July 20, 2010	Cash payment of \$10,000	Issuance of 50,000 common shares
On or before July 20, 2011	Cash payment of \$15,000	Issuance of 50,000 common shares
On or before July, 2012	Cash payment of \$20,000	Issuance of 50,000 common shares

The Vendor will retain a 2% Net Smelter Returns royalty and Alto has the option to buy back one half (1%) of the royalty for \$1 million.

On September 14, 2009, two additional claims were added to the Option Agreement for a one time cash payment of \$2,000.

The 2009 summer exploration program has been completed on the Coldstream. The program consisted of geological mapping, trenching and rock sampling. The main objectives of the program were to gain a better understanding of the geology, alteration, and structural controls on mineralization to better define existing gold zones and generate new high quality drill targets. Initial work focused on the Span Lake, East Coldstream, and other areas of historical gold occurrences including the Goldie Lake zone.

At the East Coldstream area, work focused on understanding controls on mineralization and generating drill targets to confirm and expand the historical resource. Trenching, geological mapping and channel sampling work was completed at Goldie Lake

There were no field exploration activities during this reporting period on the Coldstream property.

*Historical Information*

The Company signed a Purchase Option Agreement with Foundation Resources Inc on May 20, 2009, where Foundation can earn an initial 60% interest by spending \$3 million over four years and issuing 1 million shares of Alto over a two year period. Foundation can earn an additional 10% by completing a Feasibility Study.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

b) Coldstream Property, Ontario - continued

*Historical Information(continued)*

The Coldstream property is located in the Shebandowan greenstone belt approximately 100 km west of Thunder Bay, Ontario. The property is 100% owned by Alto, including the Burchell claims acquired from Trillium North Minerals Ltd., and covers 4,357 hectares of prospective geology including the former producing North Coldstream copper-silver-gold mine and the East Coldstream gold deposit. During the past few years the Company made strategic land acquisitions through staking and purchases to cover over 10 km of a prospective mineralized structure. In 2006 a program consisting of 2,062 m of diamond drilling was completed testing the East Coldstream gold deposit.

Drilling has confirmed the presence of wide zones of gold mineralization with some intersections up to 68 m in core length and grading 1.2 g/t gold. The mineralized gold system has now been traced for two km at East Coldstream and remains open along strike and to depth. The East Coldstream Gold Deposit hosts a historical resource of 5.1 million tonnes averaging 1.4 g/t gold. This resource estimate is historical and was not estimated using NI43-101 standards.

The East Coldstream gold deposit occurs at the northeast end of a linear corridor that extends west-southwest for over 20 km and includes the North Coldstream copper-gold-silver mine (historical production of 102 million pounds of copper, 440,000 ounces of silver and 22,000 ounces of gold from 2.7 million tons of ore), the Company's Burchell claims with multiple gold zones of up to 0.95 g/t gold over 34 m, the Moss Lake gold deposit owned by Moss Lake Mines Ltd with a NI43-101 resource estimate of 50.9 million tonnes grading 0.92 g/t gold (1.5 million contained ounces of gold) and several other significant mineral occurrences to the southwest.

The styles of alteration and mineralization at East Coldstream display many characteristics of Iron-Oxide-Copper-Gold (IOCG) deposits found in other parts of the world. Recognition of this style of mineralization is significant since IOCG deposits are typically large, ranging in size from tens of millions of tonnes to several hundred million tonnes with substantial quantities of gold. Recognition of geology and alteration consistent with IOCG style of mineralization in proximity to the 50 million tonnes Moss Lake gold deposit confirms the potential for the presence of huge deposits on the Coldstream property.

c) Oxford Lake Property, Manitoba

*Current activity and Future Plans*

There was no exploration activity during this reporting period. Technically, the Oxford Lake property has great potential to host gold deposits as was demonstrated with the discovery of the historical Rusty Zone. However, with the Company's current focus in the Abitibi of Quebec and the Beardmore-Geraldton area, Ontario, no work is planned for Oxford Lake in the immediate future. This property is an excellent candidate for farm-out and potential Joint Venture partners are being sought.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$486,023.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

c) Oxford Lake Property, Manitoba

*Historical Information*

The Company owns 100% interest in 2,870 hectares of mineral claims located 160 km southeast of Thompson, Manitoba. Noranda outlined historical resources estimated at 800,000 tonnes grading 6 grams gold per tonne, totalling 154,000 ounces of gold at the Rusty Zone (see SEDAR Filing dated December 23, 2004 for NI43-101 disclosure on this project).

Further gold mineralization up to 10 g/t gold over 2 metres was encountered by Noranda, 2 km east of the Rusty Zone in the same oxide iron formation. In total, 6 km of strike length of prospective auriferous iron formation has been identified on the property that has been only sparsely drilled. A consolidation of the land position in the past years has positioned the property for joint venture.

d) Mud Lake Property, Ontario

*Current activity and Future Plans*

Surface exploration work consisting of prospecting, geological mapping, hand stripping and sampling was completed during the 2009 summer months. Results of the work will be used to generate new drill targets.

The Company owns 100% interest in the project. On February 2, 2009 the Company received notice from Wescan that Wescan was terminating the Mud Lake Option Agreement. As at September 30, 2009 the Company still has a receivable from Wescan of \$278,946. This amount relates to the recovery of Mud Lake property exploration costs. Wescan is disputing this amount and the Company feels it is due and recoverable and has commenced legal action.

Surface work started with prospecting in May, 2008 and was followed by geological mapping, mechanical stripping and sampling during the summer months. Diamond drilling totalling 1,032 m in 12 holes was completed in October, 2008 (see Alto news release dated December 11, 2008). The drilling confirmed the presence of the Mud Lake Shear Zone, a major gold bearing structure that traverses the property, but did not intersect significant gold mineralization. Future work will focus in the area of the Oliver Severn Showing where previous drilling returned high grade gold values.

*Historical Information*

In January, 2008 the Company completed the diamond drilling program that was started in November 2007. Eighteen holes, totalling 1,283 m of drilling were completed during this program. The Mud Lake Project is located 25 km northeast of Beardmore, Ontario and is made up of 162 claim units totalling 2,592 hectares. These claims lie on strike and to the northeast of the Brookbank Gold Deposit which is currently being explored by Ontex Resources and to the south of the Hercules Project operated by Kodiak Exploration Ltd.

**INVESTMENT IN MINERAL PROPERTIES (continued)**d) Mud Lake Property, Ontario – (continued)*Historical Information (continued)*

Significant results were obtained from the January 2008 phase of drilling including 7.2 g/t across 1.0 m from the Oliver Severn Showing. The results from this program and previous drilling are very encouraging and warrant additional exploration work.

In February 2007, the Company drilled 12 shallow holes totalling 753 m to test three (Clarke, Oliver-Severn and Trench 6) of the showings along the 6 km shear structure. Nine holes, totalling 625 m were drilled in December to test another three of the surface gold showings.

The table below provides a listing of drill intercepts with gold values of > 1 g/t that were obtained from the current and past drilling programs on the property.

Table of Significant (Au 1 g/t) Assay Results from the 2007-2008 Mud Lake Drilling

<b>Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>Au (g/t)</b>	<b>Zone</b>
MUD07-01	15.1	16.1	1.0	0.99	Trench 6
MUD07-03	15.3	16.0	0.7	3.2	Trench 6
MUD07-06	12.3	18.4	6.1	3.39	Oliver-Seven Zone 1
	14.9	15.4	0.5	9.64	
	17.4	18.4	1.0	13.97	
	28.6	29.6	1.0	5.56	Oliver-Severn Zone 2
MUD07-11	26.5	28.5	2.0	2.11	Clarke Zone 1
	51.5	53.2	1.7	2.35	Clarke Zone 2
MUD07-12	80.0	88.8	8.0	0.94	Clarke
Includes	82.8	84.8	2.0	2.16	
MUD07-14	19.0	21.0	2.0	2.12	Showing #3
MUD07-16	21.1	21.6	0.5	6.34	Showing #4
MUD07-17	23.7	24.7	1.0	3.77	Showing #4
MUD07-19	61.3	62.3	1.0	1.44	Showing #5
MUD08-22	36.6	37.6	1.0	7.25	Oliver Severn
MUD08-23	23.8	24.7	0.9	2.0	Oliver Severn
MUD08-24	19.0	21.0	2.0	1.21	Clarke Showing
MUD08-25	42.5	43.5	1.0	3.2	Clarke Showing

The 2005 summer exploration program identified 10 main gold showings ranging from 4.1 to 50.6 g/t in grab samples. Gold occurs principally within quartz-carbonate veins and areas of silicification along a major auriferous shear structure that extends for 6 kilometres along strike within the Coyle Lake Intrusive. A 16.9 line kilometre Induced Polarization survey was completed in the same year and has outlined 20 anomalies along strike of existing surface showings and in overburden covered areas.

**INVESTMENT IN MINERAL PROPERTIES (continued)**e) Cote-Archie Lake Property, Ontario*Current activity and Future Plans*

To June 30, 2009 Kodiak has reported expenditures of \$526,000 on the project. Some highlights of the Kodiak drilling are tabled below.

## Highlight from Kodiak's 2008 Summer Drilling at Cote-Archie Lake

<b>HOLE ID</b>	<b>FROM (M)</b>	<b>TO (M)</b>	<b>LENGTH (M)</b>	<b>GOLD G/T</b>
CA08-01	41.88	42.8	0.92	1.48
	44.53	45.15	0.62	1.24
	45.37	45.8	0.43	1.35
	94.9	95.2	0.3	3.0
CA08-02	52.1	52.5	0.4	1.19
	115.4	115.6	0.2	1.63
CA08-04	84.6	84.8	0.2	2.06
	86	86.5	0.5	1.01
CA08-05	57.5	58.6	1.1	1.29
	59.15	59.5	0.35	1.32
	77.85	78.85	1	1.11
	100.7	101.4	0.7	1.54
CA08-06	37.1	37.4	0.3	1.75
	42.4	42.8	0.4	1.23
	46.7	47	0.3	1.17
	84.2	84.5	0.3	3.48
CA08-07	94.2	94.8	0.6	2.05
CA08-11	59.25	59.45	0.2	1.17
CA08-12	146.8	147.4	0.6	1.15

*Historical Information*

In June 2008, Kodiak Explorations Ltd, project Operator, informed the Company that Kodiak drilled 12 holes totalling 1,951 m. The work was completed to fulfill terms of a 2007 Option Agreement where Kodiak can earn an initial 51% interest in the project by spending \$1,000,000 on exploration work and paying Alto \$100,000 in cash or Kodiak shares over the same period. With the drill program and payments in cash and shares made to Alto, Kodiak has fulfilled its first year obligations and has indicated that it is proceeding to year two of the Option but has no immediate plans for exploration work.

The Cote Archie Lake property is located 5 km north of Beardmore, Ontario in the Beardmore-Geraldton Gold Camp. The property consists of 2,672 ha and is owned 100% by Alto. In July 2007 the Company has entered into an Option Agreement with Kodiak Exploration Ltd where Kodiak can earn a 51% interest. The existence of an extensive shear system (Cote-Archie Shear) containing gold-bearing quartz veins was confirmed by prospecting and trenching and it was traced along strike for over two kilometres on the property. Individual shears are up to 12 metres wide and carry highly anomalous gold values, with higher grades up to 11.2 g/t over 1.0m continuous chip sample.

**INVESTMENT IN MINERAL PROPERTIES (continued)**e) Cote-Archie Lake Property, Ontario*Historical Information (continued)*

The Cote-Archie Shear is a major auriferous shear system that is interpreted to lie on strike with the shear system associated with the Leitch Mine which produced 860,000 ounces gold at an average grade of 0.92 opt (31.5 grams per tonne) prior to its closure in 1968. Despite previous work in the area, the Cote-Archie Shear is a highly prospective auriferous vein structure that has not been recognized before and consequently has only been sparsely drilled at its northeast end.

In February 2007, the Company attempted to drill two holes but only one was completed and the other was terminated before reaching its target. COT07-01 was drilled to test the Cote Shear and it intersected the target, a well developed and altered shear zone that is twenty metres wide and contains variable quartz veining including a 2.4 m wide quartz vein/vein breccia that contains minor amounts of sulphides.

Although the assay results obtained from this first hole are not economic, the intersection of strongly sheared rocks that contain auriferous quartz veins is very encouraging for a first-pass drill program (please see table below).

In May 2007, the Company completed a prospecting program on the Angle Lake block, located 5km east of the drilled area. Prospectors have located a northeast trending shear zone that returned up to 8 g/t gold in grab samples.

f) Greenoaks Property, Ontario*Current activity and Future Plans*

Surface work started with mechanical stripping and sampling in May 2008 to extend the known gold-mineralized quartz veins along strike. Significant gold values (up to 59 g/t gold in grab samples) were obtained from narrow quartz-sulphide veins (See Alto's July 24, 2008 news release). In August, the Company completed channel sampling of some of these veins returning up to 34.1 g/t gold across 1.0 m wide sample. Significant channel sample results are tabulated below.

Sample Number	Width (Metres)	Au (g/t)
NW of Greenoaks Mine		
744153	0.5	1.01
744154	1.0	1.26
744164	0.5	5.56
744167	0.5	1.26
744168	0.5	4.87
744169	1.0	9.01
744170	1.0	34.16
744176	0.5	1.58
744183	1.0	1.59
744184	1.0	1.87
744186	1.0	1.69
744196	0.5	2.17
SE of Greenoaks Mine	0.9	3.74
	0.5	1.8
	0.6	1.57

**INVESTMENT IN MINERAL PROPERTIES (continued)**

f) Greenoaks Property, Ontario (continued)

*Current activity and Future Plans (continued)*

The Company has no immediate plans to drill this property.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$312,543.

*Historical Information*

The 100% owned Greenoaks property, consisting of 409 hectares is located 43 kilometres northeast of Beardmore, Ontario. Five holes, totaling 331 metres (m) were completed at Greenoaks in 2007. Two of the five holes intersected visible gold with assays including 12.5 g/t gold across 0.4 m and 7.08 g/t gold across 0.8m. Historical surface work resulted in the discovery of four zones along a 400 m segment of a west-northwest trending shear where gold-bearing quartz veins have been emplaced. Previous drilling, dating back to the 1960s focused only on Zone 1 and intersected high grade gold mineralization including 1.2 ounces per ton (41 g/t) gold across 5 feet (1.5 m). Zones 3 and 4 were not drilled prior to the 2007 program.

The 2007 drilling has confirmed the mineralization in Zone 1 and indicates that more drilling is required to evaluate Zone 1 as well as Zones 3 and 4. The results presented in the table below are very encouraging.

Table of Significant Results from Greenoaks

Hole	From (m)	To (m)	Width (m)	Au (g/t)	Zone
GRN07-01	13.2	13.6	0.4	12.5	Zone 1, Visible Gold
GRN07-04	12.0	12.5	0.5	2.1	Zone 4, Visible Gold
GRN07-04	21.9	22.7	0.8	7.08	Zone 3, Visible Gold
GRN07-05	61.8	63.0	1.2	0.11	Zone 1, deepest mineralized intersection on the property

Hole GRN07-05 intersected Zone 1 at 50 m vertical depth and this is the deepest test of this zone. The zone was intersected from 61.8 m to 63.0 m downhole and it consists of solid quartz vein containing 5% sulphide minerals including pyrrhotite and chalcopyrite. The vein is visually impressive but since no visible gold was observed in the drill core, the gold assays are lower.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

g) Dog Lake Property, Ontario

*Current activity and Future Plans*

No exploration work was completed during this period and as the Company is currently focused in the Abitibi area of Quebec and the Beardmore-Geraldton area, Ontario. The Company is seeking a joint venture partner. Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$233,989.

*Historical Information*

The Dog Lake property, located 14 km southwest of Missinabie, Ontario, in the Michipicoten greenstone belt, consists of 8 patented claims that cover 155 hectares. Previous work delineated gold bearing quartz veins with dimensions up to 34 metres long by 3 metres thick containing an average of 0.19 oz. /t gold. A short program of prospecting, mapping and sampling completed in 2005 located a shear zone that is from 20 to 25 metre wide and extends for approximately 1.5 kilometres across the property. Wide spread carbonate alteration and quartz veining are associated with the shear zone which occurs within a blue quartz-eye diorite. Results from the Company's 2005 work program returned up to 26.8 g/t gold and up to 0.41 g/t Pt+Pd.

h) Alcudia Property, Quebec

*Current activity and Future Plans*

No work was completed during this period. Although there are several drill ready targets on the property, the Company is currently focused on its other projects. Future drilling will depend on level of activities and results from an underground exploration program completed by Noront on the adjoining Noront Windfall Property.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$101,902.

*Historical Information*

The 100% owned Alcudia property covers 320 hectares and is located adjacent to Noront's Windfall Lake property in Urban Township. A surface hydraulic stripping-trenching and sampling program was completed on the property in September 2006. Future work on this project will be based in part on the results obtained from underground exploration that is being initiated by Noront Resources on the adjoining Windfall Property. Alto owns a 0.5% Net Smelter Royalty on any production from the Windfall property.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

i) Empress - Ridout Property, Ontario

*Current activity and Future Plans*

Two diamond drill holes totalling 333 m were completed in October 2008 to test the Empress Structure, a gold bearing shear zone that has been traced on surface for over 1.6 km on the property (see Alto news release dated January 15, 2009). The Alto holes intersected impressive looking quartz veins mineralized with pyrite, chalcopyrite, galena and sphalerite. Anomalous gold was also intersected in each of the holes, up to 0.6 g/t across 2.3m including a higher grade section containing 2.0 g/t across 0.5 m. The results are encouraging and indicate that additional drilling is required especially to test beneath the wide gold zones exposed on surface where no previous drilling was carried out.

Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-off of mineral property costs incurred to date of \$68,033.

*Historical Information*

The Empress gold project is comprised of 736 hectares and is located adjacent to the Trans-Canada Highway near Terrace Bay in the productive Schreiber-Hemlo greenstone belt, Ontario. The Company owns 100% interest in the property.

Gold mineralization on the project claims occurs within a 15-25 m wide shear zone identified at the historic Empress gold mine immediately to the west and traceable for 1.8 km within the property.

A summer program of mapping and prospecting was completed in 2006. The work has confirmed the presence of a well mineralized shear zone that extends for almost 2 kilometres across the property. The shear zone is up to 25 metres wide and locally contains high gold grades. Gold mineralization obtained from previous work includes 22.3 g/t gold across 3 metres in surface trenching and 44.4 g/t gold over 0.6 metres in diamond drilling. The 2006 work has identified specific diamond drill targets along the mineralization shear zone. No work was completed in 2007 and the property was reduced in size from the previous 1312 hectares.

j) Three Towers (formerly Cote-801) Property, Ontario

*Current activity and Future Plans*

No field work was carried out during the current reporting period.

*Historical Information*

Summer exploration work started with prospecting in May 2008 and continued through the summer months with geological mapping, mechanical stripping and sampling. Six diamond drill holes were completed in October to test sections of a 400 m long gold-mineralized corridor where gold values of up to 15.5 g/t were obtained from surface grab samples (see Alto news release dated January 15, 2009). Three of six holes intersected highly anomalous gold including 2.34 g/t gold across 0.75 m in TT08-01, 2.4 g/t gold across 1.1 m in TT08-04, and 2.48 g/t gold across 0.5 m in TT08-06. Results from the drilling are particularly significant as they confirm the gold mineralization exposed on surface does extend to a depth of at least 100 m. The mineralization is open along strike and to depth and additional drilling is required in 2009 to evaluate this corridor. The Company is currently compiling the data to select targets.

**INVESTMENT IN MINERAL PROPERTIES (continued)**

j) Three Towers (formerly Cote-801) Property, Ontario (continued)

In July, 2007 the Company acquired the 1,056 ha Cote-801 Property through an Option to Purchase Agreement. The property is located along Provincial Highway 11 approximately 20 km east of the Town of Beardmore, Ontario and 7 km south of Alto's Mud Lake Project.

Previous work in the project area dates back to the early 1990s and was limited to prospecting, ground geophysics, mechanical stripping and sampling. This work resulted in discovery of highly anomalous gold values along a 200 m corridor. Results reported include gold values up to 61.5 g/t (1.8 oz/ton) in grab samples and up to 4.5 g/t gold across 0.3m in surface channel samples. The gold is reported to reside with pyrite, arsenopyrite and quartz veins in sheared and sulphidized iron formation bands. These results are very encouraging as the style of mineralization found on the Cote-801 Project is similar to the gold deposits previously mined in the Geraldton area.

In late October 2007, the Company completed prospecting and sampling programs which confirmed the gold anomalous corridor to extend for over 400 m.

k) Vassal, Quebec

The Vassal Property is located in the Vassal Township approximately 75 km north of Val d'Or and less than 5 km northwest of the Despinassy Project. To date the property covers approximately 5,660 ha and is 100% owned by Alto. Helicopter borne VTEM electromagnetic and magnetometer surveys were flown over the property in March 2008 and several strong conductors were delineated. These could be caused by sulphides and the sulphides may be enriched in gold and base metals. Very little previous work is recorded for this area and this is still a grass-roots project.

Future work on this project will depend on financing. There are sufficient banked assessment credits to maintain this project for more than one year before any new work is required.

l) Expansion Lake, Ontario

A program of prospecting, geological mapping, hand stripping and sampling was completed during the 2009 summer months. Results from this work did not return significant gold assays and no additional work is planned in the short term.

The Expansion Lake Property is located immediately east of Mud Lake and south of the Hercules Property operated by Kodiak Exploration Ltd. Airborne high-resolution magnetometer and XDS/VLF electromagnetic surveys were completed in May 2008 followed by prospecting and mechanical stripping programs in October. Property-scale shear zones that are altered and contain anomalous gold values (hundreds ppb) were detected in several areas including five that were stripped and channel sampled. Results from each of the stripped areas indicate strong gold enrichment, in the tens to hundreds ppb gold (up to 745 ppb/1m). Silver is also anomalous in some of the samples, up to 29 g/t.

The Expansion Lake Property covers 2,656 ha and the work completed to date represents only a cursory examination of the property's potential. The results thus far, including identification of extensive shearing, the strength and size of the alteration envelopes and the widespread gold anomalies, are particularly encouraging as they are considered indicative of regional scale gold mineralizing systems and exploration to date has been very limited. The next stage of exploration will include geological work and ground geophysics in preparation for diamond drilling.

**SUBSEQUENT EVENTS**

No subsequent events to report.

**LIQUIDITY**

The Company has working capital of \$1,106,762 (June 30, 2009 - \$1,206,799) and accumulated deficit of \$10,141,868 (June 30, 2009 - \$10,041,546). These conditions give rise to significant doubt about the Company's ability to continue as going concern. Its ability to continue as a going concern is dependant upon the ability of the Company to raise financing and the ability to meet property commitments and administration costs. Management plans to secure the necessary financing through a combination of the issue of new equity instruments, the entering into of joint venture arrangements or the exercise of warrants for the purchase of common shares. However, there is no assurance that the Company will be successful in these actions.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there is no assurance that the Company will be successful in these actions.

---

---

	June 30, 2009	June 30, 2008	June 30, 2007
Working capital	\$ 1,206,799	\$ 2,299,684	\$ 408,980
Deficit	\$ (10,041,045)	\$ (8,203,160)	\$ (7,802,541)

---

---

**TRANSACTIONS WITH RELATED PARTIES**

- a) At September 30, 2009, the Company owed \$4,511 (June 30, 2009: \$10,573) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.
- b) At September 30, 2009, HRG Management Ltd. with a director and officer in common, owed the Company \$49,123 (June 30, 2009: \$33,952) relating to a deposit for services and fixed assets.
- c) The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts and consist of the following items:

---

	September 30, 2009	September 30, 2008
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common)	\$ 33,511	\$ 72,848
Mike Koziol – salary services (Officer and Company with Director in Common)	39,000	39,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)	4,500	7,500
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)	9,329	542
Total	\$ 86,340	\$ 119,890

---

---

**COMMITMENTS**

Effective February 1, 2009, the Company entered into a services agreement with HRG Management Ltd. in which the Company agreed to pay a monthly corporate administration fee of \$10,833 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services. The agreement can be terminated by either party prior to expiration with 60 days written notice. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares two directors and an officer in common with HRG. The Company has a 49,123 deposit paid to HRG for management services

**SHARE CAPITAL INFORMATION**

The table below presents the Company's common share data as at November 24, 2009.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			95,995,455
Securities convertible into common shares			
Options	\$0.15	June 20, 2010	320,000
	\$0.16	March 21, 2011	240,000
	\$0.12	December 19, 2011	450,000
	\$0.10	May 16, 2012	105,000
	\$0.20	December 16, 2012	1,670,000
			98,780,455

Common Shares

During the period ended September 30, 2009, the Company issued 50,000 shares in accordance with their Burchell and Coldstream properties.

During the year ended June 30, 2009, the Company issued 60,000 shares in accordance with their Three Towers mineral property (formerly Cote-801 property) and 200,000 shares were issued to Trillium North Minerals Ltd. on April 9, 2009 in accordance with the Burchell Property agreement.

Stock Options

During the year ended June 30, 2009, \$10,428 of investor relations options vested in relation to the December 14, 2007 grant and has been recorded as stock option compensation expense.

Warrants

During the year, 12,192,194 warrants expired without being exercised.

## **CHANGES IN ACCOUNTING POLICIES**

The Company did not implement any new accounting policies during the year ended June 30, 2009.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

### **a) Risk and fair value of financial assets and financial liabilities**

In January 2009, the CICA approved EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.” This guidance clarified that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has evaluated this new standard and determined that adoption of these new requirements had no impact on the Company’s consolidated financial statements.

Management has determined that the adoption of these new standards did not have a material impact on the financial statements of the Company, except for expanded disclosures in the notes to the financial statements

### **b) Goodwill and intangible assets**

CICA Handbook Section 3064 – Goodwill and other intangibles assets. This new section replaces Section 3062, “Goodwill and other intangible assets” and Section 3450, “Research and development costs”. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008.

Management does not expect that the adoption of this new standard will have a material impact on the Company’s financial statements. The Company will adopt the new standard for its fiscal year beginning July 1, 2009.

### **c) International Financial Reporting Standards (“IFRS”)**

In January 2006, CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

### **d) Business Combinations**

Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these Sections must be adopted concurrently.

## **FINANCIAL AND OTHER INSTRUMENTS**

### Financial Instruments – Recognition and Measurement

The Company's financial instruments consist of cash and cash equivalents, restricted cash, marketable securities, receivables, due from joint venture partner, advances from related parties, accounts payable and accrued liabilities. The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity. The Company has designated each of its significant categories of financial instruments as of July 1, 2007 as follows:

Cash and cash equivalents	Held-for-trading
Restricted cash	Held-for-trading
Marketable securities	Available-for-sale
Accounts receivable	Loans and receivables
Due from option partner	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Amounts due to and from related parties are carried at cost. Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies.

The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

## **RISKS AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- f) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at September 30, 2009 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

## **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There have been no changes in the Company's internal controls during the period ended September 30, 2009.

### **APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **OTHER INFORMATION**

Additional information is available on the Company's website at [www.altoventures.com](http://www.altoventures.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.